THE ECONOMISTS AND THE PUBLIC.

THERE is something pathetic in the literature and speeches brought out by a political campaign, when, as has happened in recent years, the issues happen to relate to economic policy. The reasons urged for and against the programme of each party are not usually reasons that bear examination. They are in fact, at best, half-truths, and are commonly so put as to be essentially untruths. The ordinary voter, if he relies on the instruction so served up for his enlightenment, must be in a rather bewildered condition, so many reasons are given on each side, with all the energy and with some of the appearance of conclusiveness. The plain citizen, who would fain know the truth of the matter, may well despair of finding it.

Now, it seems to me that the teachers of economics have a duty towards the general public in these matters. In all the Babel of fallacies to which this country has had to listen in the past six years, how many teachers of economics have done anything serious towards guiding the public thought aright? Here and there, at intervals, a solitary voice has been raised; but, on the whole, the professed teachers of economic truth have been silent. The mass of the citizens have been called on to pronounce a judgment on difficult economic questions, without effective assistance from the class most competent to give expert help in arriving at the truth. On general principles, and in relation to any other than economic questions, I think all unprejudiced persons would agree that the case ought to be different.

There are, I suppose, two reasons for the silence of the economists. First, the fact that the questions under discussion have become party issues. College teachers fear

to place themselves in opposition to powerful party organizations,— not, of course, in the sense of fearing damage to their personal interests, but fearing ill-effects for the institutions with which they are connected. Large and influential sections of the community may be arrayed in hostility against our seats of higher learning. Possible students may be kept from attending: possible gifts and endowments may be withheld. These are thoroughly worthy considerations. If they were well founded, they ought, perhaps, to be conclusive. But, for one, I believe they are not well founded. They imply a reproach to the American educational spirit that seems to me to be unwarranted. Americans admire courage, and despise the lack of it. Their faith in the value of higher educational institutions and their readiness to provide endowments for them will not be increased by a suspicion that the professors withhold their best counsel from the public for fear of giving offence to some part of the public. Even if it be granted that aggressive frankness on the part of professors of economics would array some intolerant persons against the colleges, the loss would be less fatal than the loss of credit for candor and courage. Besides, any losses in certain quarters, due to courageous maintenance of economic truth, would be pretty sure to be offset by gains in other quarters. The colleges have less reason to fear the hostility of a few than the indifference or contempt of the many. I refuse to believe that even the most vigorous participation by college teachers in the popular discussion of economic questions could ever, in this free republic, result in damage to the interests of the colleges.

The other reason which I suppose to influence the conduct of teachers of economics is the fact that their views are, on the whole, pretty well known already. As to the principles of currency and foreign trade, economists are practically unanimous. Their conclusions may be found

in any standard treatise. Is not that enough? Have not economists done their duty by their fellow-citizens when they have demonstrated, with scientific rigor, the principles governing trade and money, and have published their work for the use of all who will read? Why throw themselves into the turmoil and mud of politics, in order to do over again what has been well done already?

These questions seem reasonable; and, if the object were to make a defence against the charge of concealing important truths from the public, the answers they suggest would undoubtedly constitute a very proper and sufficient defence. But the question is not of concealing truth, but of discharging civic duty. Have economists done all they ought to have done towards guiding and enlightening the people in the settlement of economic issues? This question is hardly to be answered by pointing to the economic treatises on the shelves of the booksellers. Books are excellent, of course; but the ordinary voter has neither time nor ability to get much from books, especially from such books as our ordinary economic treatises. The mass, if it is to be reached at all, must be reached by some other means.

This suggests another difficulty that may well have deterred some from taking part in the popular discussions. The nature of economic doctrine is far from simple. It lends itself with difficulty to popular treatment. The glib fallacy-monger has great advantages over the advocate of sound doctrine. But that is hardly a sufficient reason why sound doctrine should be left without the help of its best advocates. Rather is it a reason why those who have made a real study of the matter should arouse themselves to greater activity. Wheat is harder to raise than weeds are; but we do not, therefore, abandon the ground to weeds.

This difficulty of maintaining sound doctrine in opposition to plausible error suggests a further question: Is the

traditional method of presenting economic truth the best that can be devised? So much has been written about method by so many distinguished men that one runs the risk of being thought highly presumptuous in raising this question. But it seems to me there are some things to be considered which are not considered sufficiently in present methods. Political economy has two distinct phases. It may be regarded as aiming primarily to develop, by observation and reasoning, the principles that govern the production and distribution of wealth, and to present these principles in the most logical and scientific form. On the other hand, since the conclusions of political economy bear directly on the public welfare, it may be regarded as primarily designed for the enlightenment of the people, so that they may decide wisely as to questions affecting their industrial welfare. These two objects have probably been more or less in the mind of every writer. Theoretically, the two interests ought to be identical. The most purely and rigorously scientific treatment ought to be the most effective for all purposes. But experience seems to me to raise a serious doubt whether, the world being as it is, the popular and practical interest has not been sacrificed to the supposed scientific interest.

The method of the books is excellent from a logical standpoint; but its merit is chiefly logical. If the great thing be to unfold economic principles in an orderly and philosophic manner, the object has undoubtedly been attained. But, unfortunately, the great world is little able to appreciate logical symmetry. Men are proud of their reasoning faculty; but they do not trust it far. The animal instinct to go by observation, or supposed observation, is strong enough in most men to overbear the mere reasoning faculty. Perfection of logical form may be the worst possible form for carrying conviction to the popular mind. Our standard economic treatises, if regarded as instruments of public education, have no small share of this

faulty perfection. They are written with a steady eye towards logical system rather than practical usefulness. They appeal to the studious few rather than to the general mass of men. The industrial organization is, so to say, studied anatomically: each part or phase has its own separate treatment. Abstraction is steadily made of everything that is logically irrelevant to the precise point in hand. The result is, undoubtedly, a great gain in clearness so far as regards the mere task of comprehending the doctrine. But there the gain ends, and the practical difficulty begins.

Political economy is an excellent mental gymnastic; but that, surely, is but an incident. Its real mission is to enlighten the people as to their industrial interests; and, when we ask how well it is succeeding in this mission, the answer has to be rather despondent. The cause of the failure is, no doubt, primarily the great natural difficulty of the subject; but I think experience shows that the effort to attain simplicity and clearness by the anatomical method gives rise to a second difficulty more formidable than the first. This is the difficulty of seeing how the doctrine, when mastered, applies to the complex hurly-burly of actual affairs. How many among our thousands of students are able to see the application clearly, and to give effective "light and leading" to their fellow-citizens in the solution of practical questions? The few who succeed in doing this are obliged to discard the method of the books, and strike out on methods of their own.

This ought surely not to be so. Yet, so far as my observation goes, the matter is getting worse rather than better. The newer writers seem to me to be making political economy more than ever a philosophy for the learned few, and less than ever an intelligible guide for the common man who would fain obtain light on practical economic questions. We run more and more into abstractions and hair-splitting refinements; we elaborate laws of

substitution and of economic equivalence; of derived demand price and of composite supply price; of monopoly revenue curves and total benefit curves; of quasi-rents and consumer's rent and rent of ability; of pure capital and concrete capital; of total utility and marginal utility; of static economics and dynamic economics; and so on. Meanwhile the people, from ignorance and misconception of their own interests, set up barriers against freedom of trade or run after will-o'-the-wisp schemes for improving the currency: or the laborers seek to improve their own condition by stopping the wheels of industry or by destroying property and personal liberty.

It may be that economists could do nothing to diminish these evils; but they could at least try. The first step towards doing something effective must be, in my opinion, the abandonment of the traditional form of presentation, together with the tangled array of refinements and subtleties which have converted economics into a sort of scholastic philosophy.

The alternative would seem to be the development of two political economies: one for the use of plain people, who wish for help towards right thinking on practical questions; the other for such as are primarily in quest of a field for the exercise of logical acuteness without regard to practical usefulness. Whether it would be possible to maintain a plain practical system for the use of the uninitiated, while the accredited teachers of the doctrine were working on a different-looking system, may be regarded as doubtful. The instruction of the people in those economic principles that concern their welfare must always be difficult. Unless the college teaching goes on all fours with the popular teaching, the colleges do little towards fitting men to be the guides and teachers of the nation. At all events, I think experience shows that the present college training in economics, so far from fitting men for giving popular instruction, really seems to go far towards unfit-

ting them for it. The doctrine, as they have it, lies in a form quite unsuited to the case; and it hampers them at every turn when they try to see things and to state principles in a different way. What we need is a training that shall enable our students to apprehend economic truths in the precise forms best adapted for popular exposition. They must be taught to grapple with the facts of industrial life as these present themselves to the actual observer; must be prepared to trace the operation of economic laws and the results of economic changes, as these work themselves out in daily business. I should fear that the farther we carry them in the study of marginal utility and pure capital and composite supply price and total benefit curves, the less prepared they will be to give a plain and telling exposition of practical economic truth in relation to practical economic questions. The state of mind that goes with abstractions and curves seems to me to be wholly at variance with the needs of the other task. I think that experience shows it to be so. If this be true, the conclusion follows that what we need is not two methods of treatment, but a single treatment that shall care little for logical symmetry, and much for practical use.

A characteristic of the new treatment must be to pay much more attention to immediate and temporary effects of economic changes than the traditional method has paid. Precisely here, in my judgment, we may find one of the main causes of the failure of economic principles to reach the popular comprehension, and win popular confidence. The ordinary man is concerned about immediate effects, and is commonly quick enough to perceive them. Remote and slowly developed consequences are altogether less apt to connect themselves, in the popular mind, with the causes to which they are due. Now, it is, on the whole, the way of the old method to ignore immediate

consequences. It addresses itself to the long result, and makes short work of intermediate stages and temporary effects. Of course, we all agree that the long-run effect is the great thing, and must be the main subject of economic study. But then political economy has a practical mission to fulfil. It must enlighten the common citizen; and, in order to do this, it must meet the citizen on his own ground. The ordinary man is not a philosopher. His reasonings, like his business, run in very practical channels. He will have his political economy in that form or not at all. In his political economy, as in his business, he will be greatly concerned about immediate consequences; and in his reasoning about industrial matters he must take things in their ordinary, every-day shape. Any doctrine or argument that asks him to abandon this ground he is pretty sure to distrust as unreal or illusory. The world of actual industry he thinks he knows; but he fails to recognize, in the dissected world of economics, the living, throbbing, bustling world with which he is familiar.

How, then, shall economists gain the ear and the confidence of the men of affairs? It may be, of course, that the thing is impossible. The "practical" man is not always in a teachable frame of mind. He is, perhaps, a little prone to imagine that he already knows all there is to be known about industrial questions. But, at least, the experiment may be made of putting sound principles in the form in which ordinary men may be expected to comprehend them and to perceive the foundations on which they rest. Clearly, the great public has every reason for wishing to know the truth, and for aiming to have national legislation based on the soundest and highest views of public interest.

In order to come to close quarters with our subject, let us take the tariff question. The principle that international trade is an exchange of products, that imports are

paid for in exports, is justly regarded as fundamental by the economists. As a fundamental principle, applicable in the long run to all trade between distinct communities, nothing could be more demonstrably true. But for the single month or the single year, as every economist knows well, the principle may seem to be at variance with fact. Now, in our eagerness to establish the general law, sure to govern in the long run, we may too readily slur over the ebbs and flows of international trade, and so forfeit at once the confidence of the man who looks at the whole matter from the standpoint of last month's trade returns. This is sure to happen if, as is so commonly done by economists, trade between countries is treated as if it were carried on by barter. The assumption of barter takes the treatment out of obvious relation with the actual course of the trade: the "practical" man refuses to follow. He thinks of the independent action of the various merchants engaged in each line of trade. He recurs to the inequalities, often so marked, between imports and exports, and quickly makes up his mind that economists deliberately fly in the face of fact and reality.

Now, here, at least, is a point at which something may be done to give economic truth a form more obviously in harmony with every-day observation. We may set out from the practical side. Using the statistics of trade between countries, and taking into view periods of sufficient length, the tendency of imports and exports towards a rough equality is easily shown. Where permanent differences exist, the cause is usually known; and the case can be shown to form no real exception to the general rule. Temporary disturbances of the equilibrium can be shown to have a tendency to supply a corrective, which in the course of time restores the balance. The broad truth that communities meet their obligations to all other communities by sending products of labor, that exportation implies importation, and that obstructions to either of these

movements of goods are in the end obstructions to the other, can be exhibited as generalizations from trade statistics. Even the most narrowly "practical" man could hardly refuse his adhesion to these principles if presented to him in this form. The process of reaching the conclusion in these cases would help him to see the relations between temporary and long-run effects, would help him to understand what economists mean by general laws, and how short-sighted a view one takes who looks only at the immediate results of any change in economic conditions. It may be that the economist may also learn something by attending more to immediate results. The immediate result is a stage in the working out of the final result. As such, it has some importance; and, as a help toward a proper apprehension of the whole subject, it may have very great importance. To slight it or to skip it altogether is to leave a serious gap in the treatment. The air of unreality which business men complain of in political economy is probably due to this cause as much as to any other.

Let us now consider that fundamental principle of economics, that the origin of international trade is found in a difference in comparative costs of the commodities exchanged. This is, perhaps, the principle that business men are most inclined to resist and reject. They look only at the price of the single commodity in each country; and they know that it is a difference in this that causes any commodity to be carried from one country to another. They know that American wheat is sent to England when the English price is enough above the American price to make the sending profitable; and that, when this ceases to be the case, wheat is no longer sent. Similarly, they know that, when English cloth can be sold here for a price sufficiently above the English price to afford a profit on the bringing of it, it is brought; and that, when this ceases to

be true, men give up bringing it. A difference in price on either side and the immediate consequences resulting they readily apprehend. But this seems to be as far as their own observation and reflection carry them.

Now, it may be that the business man's training and habits of mind make him impervious to a doctrine so complicated as that of comparative cost. But whatever hope there is of getting him to perceive and accept the principle lies, it seems to me, in approaching the matter from this practical side, as a matter disclosed by the prices. He can be trusted to see that the lower price of wheat and the higher price of cloth prevailing in America, as compared with England, is a condition of things which cannot be accounted for by difference in wages in the two countries or by any other circumstance that is common to all industries in either country. When a man is once brought to see that point clearly, he has made the first important step in mastering the economics of international trade. Until he does see it, no merely reasoned demonstration going to show that a permanent tendency to exchange products must rest on difference of comparative costs, is likely to effect for itself a lodgment in his thoughts.

My proposition, then, is that, instead of approaching this principle on an assumption of barter between countries, we approach it on the practical basis of prices. The thing to be shown is that, in the case just referred to, the ratio of the cost of cloth to the cost of wheat in the United States must be different from the English ratio. If, in ordinary circumstances, wheat be lower and cloth higher in price here than in England, the ratio of price to price in America must be different from the English ratio. This is a mere matter of rule of three, which even the most practical man would admit to be incontrovertible. To make the point perfectly obvious, one needs but take the actual figures from the prices current in the normal situation of trade in

both countries. But, prices being the practical manifestation of costs, it follows that the American ratio of cost of wheat to cost of cloth is different from the English ratio. I suppose every business man would admit freely that the ratio of prices could not be usually different, unless the difference rested on some cause connected with comparative costs in the two countries. What the cause may be, in each case, is a subject for investigation. That it is not the high wages of this country, nor yet low wages in England, ought to be clear to all intelligent persons. If anybody undertakes to maintain that low wages in England make her cloth cheap and her wheat dear, whereas high wages in America make American cloth dear and American wheat cheap, he may as well be left to enjoy his own wisdom in peace. I think no business man would argue so, or refuse to accept the economic principle of comparative costs, if put before him in this practical form.

The question of the tariff, so far as it is a question of commercial loss or gain, turns on these two fundamental propositions,— that imports are the necessary payment for exports, and that international trade is but a method of procuring commodities at the lowest cost. These propositions can obviously be developed and enforced on the practical basis with some important advantages over the more abstract method. On this basis the believer in protective duties would not find himself ignominiously ruled out of court by the mere form of the discussion. He could no longer turn away in disdain from the mere theorizer. He can be met on his own ground. Further, on this basis we should be able to appreciate better the reasons he has for the faith that is in him. There are some points in his case that deserve to be seriously met, but can hardly be said to be met by the customary treatment. Here is, in a special degree, a need of distinguishing carefully between the immediate and the remote effects of any given action or change. We shall find, I think,

that most of the protectionist faith has reference to, or is based upon, some of the temporary consequences of a newly imposed tariff. Most of the free trade faith and argument has reference to the permanent consequences. There is thus a failure of connection between the two opposing arguments, with resulting loss of time and temper on both sides. We can freely admit that there are some elements of seeming benefit in the establishment of protective duties, for a limited time. When a country changes from a free trade to a protective system, it is clear that on general principles there is likely to be a period of seeming prosperity. Those of her people who produce for exportation will not for a considerable time suffer any ill effects, as exporters, from the restriction of imports. Foreign countries will go on buying as freely as before. On the other hand, those who produce for the home market articles which they had previously to sell in competition with imported goods will now find readier sale for their products. They may even raise their prices, and still dispose of their whole product. Presently an inflow of money from other countries begins, taking the place of the goods excluded by the new duties. As long as this influx of money lasts, it tends to maintain an upward movement of prices and money wages. Thus, during the whole period of readjustment to conform to the new conditions, we should expect abnormal activity of trade, with the outward signs of unusual prosperity.

The export trade and the industries supplying it would of course be in a different case. They would presently begin to be aware of an increasing money-cost of producing their goods, accompanied by declining prices for them in the foreign markets. They would thus be pinched at both ends of their operations. But their troubles would be somewhat later in arriving than the good times of their neighbors, and would not be so likely to be attributed to the tariff. So that the general result of imposing a tariff

on imports is likely to be a period of what is called commercial prosperity.

Of course, the prosperity may be in appearance only, and is sure to be in the long run a dearly bought favor. But what I am concerned to point out is that the protectionist view has a certain temporary basis to rest on. A rise of prices is no general advantage, and brings no real prosperity. But a time of rising prices is, all the same, a comfortable time for business men. Goods sell easily and, in a sense, profitably. Probably, in political economy, we make too little of the difficulty of selling. We assume, or seem to assume, too readily that all products may be sold promptly and profitably if only the due proportion of each article be produced. But there is, in fact, great trouble usually in finding the person who is to buy and consume each commodity. Men of business are full of anxieties and perplexities on that head most of the time. Anything that gives even a temporary fillip to the sale of goods, at satisfactory prices, is pretty sure to find favor in their eyes, unless it be a thing evidently bad and dangerous on the face of it. Economists might probably do much towards winning business men's confidence for economic doctrine if they made more effort to accommodate their instruction to the business atmosphere.

This is particularly true, I think, in this matter of the tariff. Economists can afford to give frank and full recognition to whatever of transient and seeming benefit a newly imposed tariff brings to business. Doing that, they would probably gain a more friendly hearing for their demonstration that, as a permanent institution, a protective tariff is injurious and burdensome to all concerned, especially so if this demonstration be worked out, as I think it may be, on thoroughly practical lines. A protective tariff is not, on economic principles, a tax, nor yet a system that enriches manufacturers at the expense of the rest of the com-

munity: it is simply an obstruction, keeping the community from getting certain commodities in the easiest way. Herein lies a large part of the difficulty of presenting the case against it. It is as if we had to argue against closing our best mines or against prohibiting the cultivation of our best lands or the use of the best machinery. Still, we know that thousands of honest and reasonable men are misled into regarding obstructions to foreign trade as a source of national advantage. It ought to be possible to put the true nature of the case before them in such a form as to reach their judgment. The tariff we hold to be a loss to everybody, even to those who seem to live by it. This loss comes to us in a business way, and surely ought to be traceable in a manner that should make it clear to business men. The great defect of the practical man's view of the matter is that it is so near-sighted. Can he not be induced to extend his views along his own plane of vision? He could be asked to trace out, by his own method, the later results of the exclusion of foreign goods. The influx of foreign money, instead of the excluded goods, he would readily assent to. The effects of this addition to our currency, once the initial stage was over, would then be the question; and the readjustment of prices and money wages at home and abroad would probably be admitted, without serious doubt or distrust, as the ordinary consequence. The next step would be to consider the effect of this double change on the exporting industries. The argument at this point could be strengthened by considering the necessity that the equilibrium of foreign trade, disturbed by the new tariff, shall in some way be restored,— the impossibility of drawing money from other countries in return for exports, year after year, forever. The new equilibrium could be shown to be attainable only in one or both of two ways: first, by making exportation a losing business, and driving men out of producing for export; second, by so raising prices here and

lowering them abroad that importation could be profitably resumed in spite of the tariff. The first means loss and disaster for a part of our own producers, followed by their turning to the production of protected articles. In either case the former producers of the protected articles would find themselves deprived of their temporary advantage from the tariff. They would find their sales as difficult as they were before the tariff was imposed. Prices would be higher, but every item in the money-cost of producing their goods would be correspondingly increased. The final result could be shown to be that the community has been driven to more costly methods of obtaining certain commodities, with loss and detriment to all who consume them. The precise extent of the loss would be difficult to measure, but the precise form of it can be clearly enough indicated on business grounds. It has been a hundred times demonstrated by the strictly logical method on the hypothesis of international barter. But that evidently fails to impress the men of business training. It is not couched in the terminology of business. Putting the result in terms of price, and showing that, under the tariff, every man who buys the protected article has to pay more for it, gets less of it for his day's wages or other income, we should have the matter in a form which could not be misunderstood. If any man should undertake to maintain that we are benefited by a device which gives us less of useful commodities for our exertions, there is an end of argument with him. But the common sense of mankind may be relied on to make his following small.

The consideration of prices undoubtedly leads off into a region of no small difficulty, for it brings us face to face with the question of the comparative value of money in different countries. This question has to be faced any way, and may better be approached, I think, by the direct road than by a roundabout one. The strong hold of a

tariff, once it has had time to work out its results, lies in the difference it brings about in the value of money. It raises the scale of money wages and prices in the protected country, and lowers money wages and prices in the customer countries. We know what a rôle the wages question plays in the tariff debates. I cannot help believing that we should make better progress towards a general agreement regarding the industrial effects of tariff duties if it were freely conceded on all hands that protective duties tend to raise money wages. The evil of a tariff for the laborers is that it raises prices more than it raises money wages. We have more money, but fewer commodities, than we should have without the tariff.

Unless a man can be got to see this side of the tariff question, little can be done for him or with him. It is almost pathetic to read the discussions, in Congress and out of it, regarding the "difference of labor cost" between the United States and European countries. In large degree this difference, which is urged as a reason for keeping up the duties, is itself caused by the duties. Of course, the greater productiveness of American industry would make wages, both money and real, higher here than abroad, even if money had the same value everywhere. But the tariff operates to increase this natural difference in money wages by reducing the purchasing power of money in the United States and increasing its purchasing power abroad.

This is one of the phases of the tariff question which can hardly be discussed effectively on any other than the practical basis of prices and statistics. Appeal may also be made to experience. Why does the tariff have to be raised from time to time in every country that has gone into protective duties? The rates that are sufficient at first become insufficient after a few years. Foreign products come in over the tariff, and a cry goes up for more

effective protection. This is precisely what economic principles would enable us to predict. It lies in the necessities of the case, if the protective theory is to be consistently carried out. To meet the demand with denunciation of the greed of the manufacturers is, in my opinion, both unfair and unwise as a matter of policy. The case is really a convincing argument against the fundamental theory of the tariff, and ought to be used to overturn a false commercial system instead of being turned into a text for arousing class hatreds and jealousies. The loss imposed on the nation by the obstruction of free exchange falls on the manufacturers as well as on the rest of us. If they fail to see it, they are rather subjects for educational missionary work than for denunciation.

When a country that has been living under a protective tariff abandons it, and begins the reduction of duties, we should naturally expect a reversal of the conditions attending the establishment of a tariff. Ordinarily, we should look for a period of depressed trade and declining prices. This is part of the penalty paid for the transgression of sound principles by the establishment of protective duties. If the change back to free commerce be made without business distress, it must be because of some special circumstance that counteracts the natural tendency. It may happen that the change finds business already depressed and prices down. This was the case with England at the time of her adoption of free trade under Peel. Or the reduction of duties may be made simultaneously at both ends of the international trade, as was done by France and England in 1786. In such cases the natural result of letting down the barriers against free exchange may be partly or wholly avoided. In our own case the recent reduction of duties has come at a time of depression, the cause of which we need not now inquire into. The reduction of duties being, on the

whole, not very great, being also in large part merely a removal of additional rates recently enacted, which therefore had not yet worked out their full results, it was hardly to be expected that the immediate effects would be very striking, even if trade had been in normal activity at the date of the change. Under the circumstances the natural tendency towards a temporary depression may not be clearly manifested. But there is likely to be increased importation, especially of the classes of goods on which the reduction takes effect with the opening of the new year. Unless there shall be at the same time a corresponding increase of exports, we may anticipate a tem porary drain of gold to foreign countries. How far, in the existing complications of our currency, such a drain may affect our domestic trade, it is difficult to predict. An interesting branch of the question is how it will affect the Treasury. If the policy of the Treasury should be to meet the drain by continuous borrowing to replenish its reserve, we should have a new and unique condition of affairs. Ordinarily, the drain of gold away from a country is the process by which equilibrium is restored in its foreign trade, when a continued excess of imports has arisen. The disturbance is eventually overcome through action on prices at both ends of the trade. But, if the Treasury holds itself bound to call back the gold by the issue of new loans from time to time, the policy will be, in effect, an effort to counteract this operation of the natural laws of trade. The prospect of success in that undertaking is not encouraging. The outcome, unless prompt measures be taken to relieve the Treasury from its embarrassing position, may be a sharp lesson on the consequences of a mistaken commercial policy, combined with a mistaken currency system. The case is one calling for the best light and guidance. Will the economists remain silent, while the public interest suffers ?

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